



Report

Date: 21 January 2019

**To the Chair and Members of the
OVERVIEW & SCRUTINY MANAGEMENT COMMITTEE**

DONCASTER CHILDREN'S SERVICES TRUST: FINANCIAL OVERVIEW REPORT

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Nuala Fennelly	All	No

EXECUTIVE SUMMARY

1. This report is a financial overview of Doncaster Children's Services Trust.
2. Doncaster Children's Services Trust (DCST) was set up in 2014 by the Council and Department for Education (DfE) and since that time has worked closely with the Council to help deliver improvements in children's services. In January 2018 the Trust was judged as a "Good" provider which was a critical milestone in this improvement journey, moving services from Inadequate to Good across all judgement areas quicker than any other authority.
3. Subsequently, the Trust has received Outstanding Ofsted ratings for two Children's Homes, and its Fostering Service and Adoption Service.
4. The Focused Visit for Children with Disabilities report in January 2019 stated that Ofsted "continues to see Doncaster Council and DCST focusing highly effectively on improving its services. They have an appropriate but challenging ambition of being recognised as outstanding by the next full Ofsted inspection."
5. In liaison with the Council the Trust's budget for 2018-19 was set at £45.4m and has continued to be monitored in-year. The Trust's corporate governance arrangements are such that monthly management accounts are provided to its Finance & Infrastructure Committee or full Trust Board on a timely basis.
6. The Council's Cabinet approved additional funding for the Trust of £6m at its meeting on 16 October 2018. £4.1m (69%) of the £6m related to 2017-18 cost pressures brought forward into 2018-19.
7. The Trust has made efficiency savings of £1.2m in 2018/19, and has taken significant steps to manage demand pressures.

EXEMPT REPORT

8. This report is not exempt.

RECOMMENDATIONS

9. The Committee are asked to give consideration of the report and the actions which have been taken in respect of the management of the budget.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

10. The Trust is responsible for ensuring the welfare and safeguarding of the children in Doncaster.

BACKGROUND

Contract Management and Overview & Scrutiny

11. Monthly Operational Finance Meetings between the Trust and Council take place. The robustness of financial reporting has been strengthened and challenged by these arrangements. This ensures financial issues are resolved in an efficient and effective manner and/or escalated to Joint Performance and Finance Meeting for resolution.

12. Joint Performance and Finance Meeting (JPF) ensures joint leadership & management to improve outcomes and value for money for Children and Young People. The JPF review and drive actions from the Monthly Finance and escalate actions to the Quarterly Performance Monitoring Group for oversight and resolution.

13. Quarterly Performance Monitoring Group (QPM) is a high level challenge meeting which aims to review the strategic objectives and service delivery through the escalation of contractual issues. The group review and challenge the current financial situation and outturn for the financial year and considers contract change requests.

14. The contract management (the contract period of the trust is ten years) of the Trust is held to account by the Children's Overview and Scrutiny Panel. These arrangements continue to be effective with rigorous questioning from members, identifying performance of concern and requests for follow up action. These arrangements and proceedings provide visible added value to the governance arrangements and a high level of public assurance.

15. This process is strengthened by the Council's Overview and Scrutiny management Committee holding the Director of Children's services to account for delivery of the Trust contract and also those services commissioned from and delivered by the Trust.

16. The budget of the Trust is subject to an annual negotiation with the Council based on a series of assumptions including the Care Ladder in terms of the number of looked after children across different types of care provision.

17. Any variations against these assumptions are reported and form part of open discussions with the Council as to how to manage and fund any variations.
18. The Trust's own corporate governance arrangements are such that monthly management accounts are produced and considered at the relevant Finance & Infrastructure Committee or full Trust Board, as well as officer-level Executive Management Team monthly.
19. In the recent (December 2018) Council Annual Contract Review it was reported to the DfE that:

"Performance and quality continue to be areas of strength, ensuring children are safe through highly effective social work delivery. Recommendations from the Ofsted inspection have been completed and further action plans put in place to increase quality and performance on the steps towards outstanding."

Looked after Children and Impact on 2018/19

20. The number and level of complexity of looked after children cases continued to rise during 2018-19 to an all-time high for the Trust of 593 in September 2018. Significant measures have been taken to arrest this increase and Children in Care numbers stand at 559 at December 2018.
21. The rise in the main driver of the Trust's costs, children, has risen as follows:

	2014/15	2017/18	% change
Referrals (Apr-Mar)	3725	5681	+52%
Children in Need* (31 Mar)	2321	2907	+25%
Children Entering Care (Apr-Mar)	160	245	+53%
Children in Care (31 Mar)	480	569	+19%
Child Protection Plans (31 Mar)	301	374	+24%

* Children in Need includes Children in Care and Child Protection Plans

22. The Trust is not alone in these challenges and it has been widely reported that Children's Services across the country and South Yorkshire sub-region have been experiencing similar cost pressures. A national survey by the Chartered Institute of Public Finance & Accountancy (CIPFA) highlighted that Children's Services were now the number one concern of Directors of Finance in the Public Sector overtaking Adult Services for the first time in the survey's history.

23. The table below demonstrates the increase in rates of looked after children in Doncaster and its statistical neighbour authorities. For the latest outturn, Doncaster is ranked 5 out of 11 in terms of this rate, and below the statistical neighbour average rate for the third successive year.

Local Authority Area	2013	2014	2015	2016	2017	2018
Barnsley	48.00	46.00	49.00	56.00	58.00	62.00
North Lincolnshire	47.00	48.00	50.00	57.00	64.00	64.00
Wigan	75.00	73.00	74.00	71.00	66.00	70.00
Wakefield	65.00	71.00	72.00	69.00	74.00	78.00
Doncaster	77.00	77.00	73.00	74.00	78.00	86.00
Telford and Wrekin	82.00	79.00	75.00	76.00	96.00	92.00
Dudley	108.00	112.00	109.00	107.00	99.00	96.00
North East Lincolnshire	58.00	76.00	77.00	86.00	87.00	103.00
Redcar and Cleveland	63.00	63.00	67.00	73.00	86.00	103.00
Rotherham	70.00	70.00	72.00	76.00	86.00	109.00
Tameside	80.00	87.00	85.00	87.00	104.00	124.00
Statistical Neighbours Average	69.60	72.50	73.00	75.80	82.00	90.10
England	60.00	60.00	60.00	60.00	62.00	64.00

Source: DFE, 2018

24. In November 2018 the Association of Directors of Childrens Services (ADCS) published their *Annual Safeguarding Pressures Report* [[LINK](#)], which charts significant national increases in demand for safeguarding services over the last 5 to 10 years, with national trends forecasting a further increase in looked after children of a further 7 per cent over the next five years.

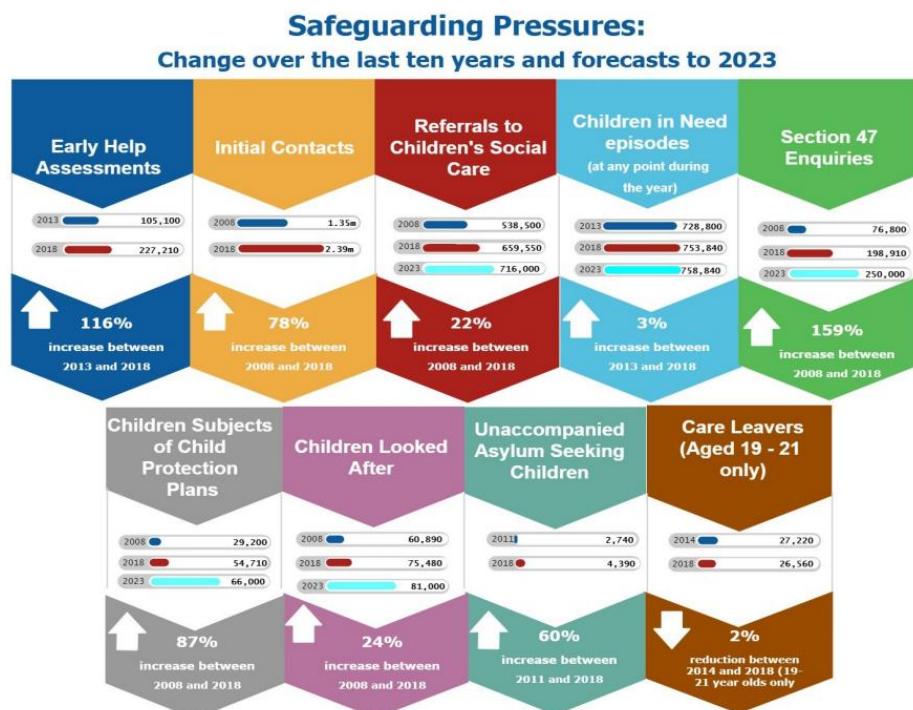


Figure 1 - Safeguarding Pressures – Change over the last ten years and forecasts to 2023 (Source: ADCS safeguarding pressures research respondents and DfE statistical returns. Data not available to 2008 for some activity and forecasts)

25. The Council's Cabinet approved additional funding for the Trust of £6m at its meeting on 16 October 2018. This, as well as other measures taken by the Council, has had a significant positive impact on cash flow.

26. The contract variation reflects the brought forward and in-year cost pressures, particularly around looked after children and supported permanence arrangements. The contract variance of £6.0m comprised:

£4.153m	2017-18 demand/cost pressures brought forward into 2018-19
£2.000m	efficiency reduction of 2018-19 contract value
(£1.197m)	less efficiency savings achieved
(£0.640m)	less additional DSG funded in 2017-18
<u>£1.730m</u>	<u>2018-19 increased demand pressures</u>
£6.046m	Total

Management of Costs

27. To reduce the impact of the increased costs of the higher than budgeted looked after children the Trust has taken a number of measures to reduce costs, including savings of £1.2m as follows:

Family Support Workers	£160k
Youth Offending Service	£ 93k
Residential Homes	£100k
Corporate Services restructure	£ 55k
Corporate Support restructure	£197k
Business Support restructure	£ 87k
Leadership Team restructure	£278k
Recruitment freeze	£167k
<u>Consultancy work (income)</u>	<u>£ 60k</u>
Total	£1.2m

28. The Trust's management team continues to pursue efficiency opportunities across the Trust, with open sessions planned in each locality to capture ideas from frontline staff. In addition there are a number of Director / Head of Service-led forums which are generating and exploring ideas for efficiencies.

29. A vacancy panel, comprising directors, reviews all agency extensions and requests to recruit to / temporarily cover vacant posts. Since October 2017 – September 2018 non-frontline FTEs have reduced by 22% and frontline agency (i.e. higher cost) FTEs have reduced by 58%.

30. The same panel considers requests for early / flexible retirement on the basis to approve those that achieve efficiency savings.

31. Other potential savings in relation to staff costs include: flexible working e.g. annual leave buy back, hours reduction (e.g. p/time, flexible retirement), and non-statutory vacant posts held for 3 months.

32. The Trust's Children in Care Strategic Overview Group meets on a fortnightly basis to review and track all young people in care and permanence arrangements, including actions taken to transition children out of the looked after system to in-house provision, independent living or a permanence arrangement.

33. From October 2018 any request for a child to become looked after has been agreed at director level.

34. A new Joint Resource panel with representatives from the Council, the Trust and Doncaster CCG started in June 2018 to ensure a more joined up approach to multi agency case management, decision making and allocation of resources in relation to children's placements.
35. Additionally, the Trust, Council and CCG have had a number of productive meetings in relation to joint commissioning with a view to strengthening our collective arrangements with a view to single procurement decisions which support improved care outcomes and support procure care packages jointly to ensure best better value for money for the Doncaster Pound.
36. An initial meeting has been held with Council colleagues in relation to care ladder modelling and joint initiatives to reduce demand pressures, developing a new placements strategy.
37. A number of non-staff cost saving initiatives have been reviewed, including:
- Reduced printing, including exploring the possibility of paperless fostering and adoption panels;
 - Introduction of online shopping for families in need of emergency help with food to ensure that they are provided with the basics and the publication of recipe cards to help families produce tasty meals;
 - Review of travel arrangements and better planning of visits, particularly where more than one member of staff will be at a visit;
 - Regular review of mobile phone usage – to identify individuals who use more than their data allowance (and examine the reasons for this) and identify those devices that aren't being used;
 - Regular assessment of the taxi journey routes that have been requested through the council to ensure that the cost of the journeys should fall to the Trust, that requests are still appropriate (for example, is an escort still required).

Future Arrangements

38. The Department for Education conducted a review of the governance arrangements of the Trust in late 2018.
39. The objective of the review was to gain assurance about whether a new delivery model can continue delivering sustained improvement and positive outcomes for children and young people with the aim being to balance the Council's desire for increased budgetary control with the Trust's need to remain operationally autonomous.
40. Following the review the Trust and Council are working towards converting the Trust from its current form to be an Arm's Length Management Organisation (ALMO) with the single member being the Council and a new governance framework and contract from 1 April 2019.

Innovation and Partnership Work

41. The Council continues to support the Trust and in 2017-18 agreed to provide Innovation Funding of £2.39m across 2017-18, 2018-19 and 2019-20 for projects such as Mockingbird, Pause and Growing Futures. These projects are expected to deliver further efficiency and improvement in the quality and range of children's services. The funding of these projects is as-folows:

	2017/18	2018/19	2019/20	Total
Growing Futures	308,062	248,769	208,279	765,110
Pause	29,246	228,639	55,385	313,270
Mockingbird	53,636	96,406	214,990	365,032
Total innovation funding	390,945	573,814	478,653	1,443,412
Ofsted Preparation - social worker resource	360,000			360,000
Ofsted Preparation - early help	200,000			200,000
Front Door Review		67,900		67,900
Contribution to Project Management	33,688			33,688
Finance Director	50,000			50,000
Total additional funding required	1,034,633	641,714	478,653	2,155,000
Addition funding - Ofsted Preparation	235,000			235,000
Total additional funding	1,269,633	641,714	478,653	2,390,000

Growing Futures

42. The effectiveness of "Growing Futures" has previously been reported as a highly successful programme developing new practice and widespread learning in the field of domestic violence and abuse (DVA). Throughout the year, this has seen a reduction in re-referrals to social care, reduction in high risks re-referrals and a reduction in Looked After Children and Children in Need where DVA is a factor.

Pause

43. The Trust is now into its second phase of delivery, supporting women who have multiple children removed from their care, helping them to build resilience and develop new skills and responses. A second cohort to work with young women with experience of the care system is now underway.

44. The benefits realisation for Pause has been shared with the Council with favourable results - net 'Doncaster Pound' cost avoidance by June 2019 (1.5 years) of £706k.

Mockingbird Family Model

45. The model creates 'constellations' of foster carers supported by a central 'hub carer'. The constellations provide a fostering 'extended family' for children in foster care and have provided good outcomes both in terms of placement stability and the retention of foster carers.

46. Cost-benefit analysis of the existing models has demonstrated the cost-avoidance benefits of this model of £354k per annum, as well as improved

outcomes for looked-after children and their carers.

47. If the model was expanded for all foster carers then this would cost a further £180k per year. This isn't included in the 2019-20 budget assumptions and further work is due to take place on a business case.
48. Joint work is ongoing to review a potential specialist Mockingbird model for Children with Disabilities.

Support for Care Leavers into Independence.

49. Doncaster Council has been the first local authority in Yorkshire to support its care leavers by exempting them from paying Council Tax, and this is in place for young people leaving the care of Doncaster Council until the age of 25, helping them through the often difficult transition from care to independence. The Council has worked alongside Doncaster Children's Services Trust and came into effect from 1 April 2018.
50. Following a recommendation in the most recent Ofsted inspection, and in agreement with the local Leisure services Trust, the Trust has been able to ensure all looked after children and care leavers are entitled to free leisure passes for facilities across the Borough.
51. In partnership with the Council and St Leger Homes, the Trust opened its new semi-independent living accommodation in February 2018. The first cohort of six care leavers have been learning independent living skills while living together in a six bed supported living facility created out of two houses in Cantley. Annual savings are in excess of £200k per annum. The Trust and the Council have secured funding for two more units to be in place within the next two years, increasing the offer to 18 care leavers.
52. Following on from the successes of this project, the Trust has been selected to take part in the second phase of a National House Project pilot scheme, funded through the Department for Education (DfE). The pilot will enable a group of 16 and 17 year-olds to form a supportive community among themselves, with intensive support from the Trust's newly-formed House Project Team which includes care leavers.
53. Support will include guidance and help with independent living skills, including budgeting, cooking, paying bills, making appointments and housekeeping. The team will guide the group towards becoming independent ahead of them turning 18 when they will, if required, be supported in applying for a tenancy with St Leger Homes or another suitable housing provider.

Partner in Practice

54. In January 2018, the Trust became a DfE Partner in Practice (PiP), and is currently offering support to a small number of authorities and trusts across the country. In addition to the sector-led improvement offer, the Trust was also successful in securing innovations funds through the PiP programme to explore new ways of tackling child and adolescent neglect through multi-systemic therapy (MST-CAN).

55. MST-CAN is a licensed programme of intensive home-based support for families with the main goal of keeping families together through reduced adult and child substance abuse, offending by adults and children, securing school attendance, reducing mental health difficulties experienced within the family, and increasing natural social supports. This project builds on existing innovative practice developing a neglect toolkit to enable practitioners to better diagnose, assess and manage neglect in order to prevent escalation to long-term statutory intervention. The 2-year programme is now underway, with the MST-CAN team in place.

What Works Centre

56. In addition to Partner in Practice, the Trust has also been invited to be a pioneer partner for the What Works Centre for Children's Social Care. The Trust sits on the WWC advisory council, as well as providing input and guidance on projects initiated by the Centre. This is providing early insight into other innovative practice within social care.

2019-20 Budget

57. In discussions with the Council the Trust presented draft budgets for discussions in November and December 2018, focussing on 2019-20.
58. The Council have indicated that the budget for 2019-20 will be re-based, including the £6.0m contract variance approved in October 2018 plus taking into account further growth, any new pressures and saving options.
59. The Trust agreed, as per the management accounts, to identify a range of scenarios based upon predicted / potential demand for 2019-20.
60. Work is ongoing with the Council in relation to the care ladder and other initiatives to reduce the number of looked after children and/or reduce their costs (e.g. additional children's homes), developing a new placements strategy.
61. Discussions have been held with the Council in relation to capital, innovation funding and Social Worker caseloads and these potential costs have been submitted for review by the Council in its draft budget submissions. Further discussions will include the financial impact and strategic / operational risks.

Capital funds

62. Business cases are currently being developed for capital investment to reduce the ongoing revenue baseline spend, on an invest-to-save basis. This is in addition to the current project in the capital programme (£660k earmarked) for Cantley 2 + 3, which is an expansion to 2 further 8-bed homes for 16-21 year olds. Options being explored are:

- 16-21 accommodation e.g. Cantley model – A further home could be scoped during 2019 for opening in 2020 or 2021;
- CWD Home – Joint work is ongoing with the Council to review whether to provide a home for Children with Disabilities. The revenue budgets for CWD placements are currently held by the Council;

- Out of Area – For those most complex children who are currently in out of area placements there could be provision tailored to their needs developed in Doncaster. There could be three, two-bed homes (6 children in total);
- Children's home locations – Discussions are taking place with the Council to ensure that our children's homes are in locations that provide the best service for children and young people. If a new home is developed then this capital cost would be offset by the sale of the original home, albeit the receipt would be after the new home was completed.

63. Any business cases produced will be considered as an Investment and Modernisation Project.

OPTIONS CONSIDERED

64. Not applicable.

REASONS FOR RECOMMENDED OPTION

65. Not applicable.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

66.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	The Trust works with young people preparing them for adulthood and independence.
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and 	

	sporting heritage	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	The work of the Trust specifically targets vulnerable children, young people and families.
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>The Council's contract with the Trust relates to the delivery of services to children in need of help and protection.</p> <p>The work of the Trust specifically targets vulnerable children, young people and families.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>The Council's contract includes a budget for delivering services and therefore an expectation that the Trust will deliver value for money.</p> <p>The Trust is working with key partners to deliver innovative approaches to care.</p>

RISKS AND ASSUMPTIONS

67. There are a number of risks and sensitivities which could impact on the total of the current forecast and 2019/20 budget:

- Placements – assumptions about growth have been built into the forecasts however a single high cost placement could significantly alter the level of expenditure.
- Regular review of other costs – including non-pay costs – will continue to ensure that potential issues are addressed as soon as possible.
- Income – the Trust continues to pursue appropriate income generation and funding opportunities.

LEGAL IMPLICATIONS

[Officer: SRF Date: 10.1.2019]

68. The Council has a number of statutory duties to safeguard and promote the welfare of children within its area. Although DCST Children's Services in Doncaster under Government direction, the Council retains its statutory responsibilities in this area.

There is a contract between the Council and the Trust which sets out how such Children's services should be delivered and the success of that arrangement is monitored both by the Council's own team and by OFSTED.

The Council and the Trust are working towards establishing a revised corporate structure for the delivery of these services through the Trust becoming a Company wholly owned by the Council and this proposal will be separately reported on during that project.

FINANCIAL IMPLICATIONS

[Officer: RM Date: 7.1.2019]

69. The financial implications are detailed within the report.

HUMAN RESOURCES IMPLICATIONS

[Officer: LE Date: 7.1.2019]

70. There are no specific human resource implications associated with this report.

TECHNOLOGY IMPLICATIONS

[Officer: JT Date: 7.1.2019]

71. There are no specific technology implications associated with this report.

HEALTH IMPLICATIONS

[Officer: LE Date: 7.1.2019]

72. There are no significant health implications associated with this report.

EQUALITY IMPLICATIONS

[Officer: LE Date: 7.1.2019]

73. The ethnic and gender mix of the workforce and the children and young people

that the Trust works with is monitored.

CONSULTATION

74. Not applicable

BACKGROUND PAPERS

75. Quarterly Performance and Finance Reports 2018-19 presented to the Council.

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